

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA BARBARA FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$65,000,000 OF SANTA BARBARA FINANCING AUTHORITY LEASE REVENUE BONDS (AIRPORT PROJECT), SERIES 2009, APPROVING THE EXECUTION AND DELIVERY OF VARIOUS RELATED DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND OTHER MATTERS RELATED THERETO.

WHEREAS, the City of Santa Barbara (the "City") and the Redevelopment Agency of the City of Santa Barbara (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement, dated as of April 1, 2002 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Santa Barbara Financing Authority (the "Authority");

WHEREAS, the City has informed the Authority that it has determined that it would be in the best interest of the City to proceed with the financing of improvements to the Santa Barbara Municipal Airport and certain other capital improvement projects of the City (the "Project") resulting in significant public benefits;

WHEREAS, in order to achieve such significant public benefits it is proposed that the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), enter into a trust agreement (the "Trust Agreement"), pursuant to which the Authority will issue, in one or more series, the interest on which is subject to, or exempt from, gross income for federal income tax purposes, with appropriate series designations, not to exceed \$65,000,000 aggregate principal amount of Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009 (the "Series 2009 Bonds"), and will use the proceeds to finance the Project;

WHEREAS, the tax-exempt Series 2009 Bonds shall be designated Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009A (the "Series 2009A Bonds"), and the taxable Series 2009 Bonds shall be designated Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009B (TAXABLE) (the "Series 2009B Bonds");

WHEREAS, it is proposed that the City enter into a Site Lease, dated as of February 1, 2009 (the "Site Lease") between the City and the Authority pursuant to which the City will lease certain capital assets of the City constituting a portion of the Santa Barbara Municipal Airport, referred to herein as the facilities (the "Facilities") to the Authority;

WHEREAS, it is proposed that the City will enter into a Facility Lease (Airport Project), dated as of February 1, 2009 (the "Facility Lease") between the City and the Authority pursuant to which City will lease back the Facilities from the Authority;

WHEREAS, under the Facility Lease, the City would be obligated to make base rental payments to the Authority which the Authority will use to pay debt service on the Series 2009 Bonds;

WHEREAS, it is proposed that the City enter into an Installment Payment Contract, dated as of February 1, 2009 (the "Installment Payment Contract") between the City and the Authority pursuant to which the City will be obligated to make installment payments to the Authority which the Authority will use to pay debt service on the Series 2009 Bonds;

WHEREAS, in connection with the issuance of the Series 2009 Bonds, the Authority also desires to approve the form and distribution of a preliminary official statement (the "Preliminary Official Statement") and the form of a purchase contract (the "Purchase Contract") among the Authority, the City and the underwriter named therein (the "Underwriter"); and

WHEREAS, there have been presented to this meeting the proposed forms of the following documents:

- (a) the Trust Agreement;
- (b) the Site Lease;
- (c) the Facility Lease;
- (d) the Preliminary Official Statement;
- (e) the Purchase Contract; and
- (f) the Installment Payment Contract;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE SANTA BARBARA FINANCING AUTHORITY AS FOLLOWS:

SECTION 1. Findings and Determinations. The Authority hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the Authority and that the statements, findings and determinations of the Authority set forth herein are true and correct.

SECTION 2. Issuance of Series 2009 Bonds. The issuance of the Series 2009 Bonds by the Authority on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and this Resolution, is hereby approved.

SECTION 3. Approval of Trust Agreement. The form of Trust Agreement presented in connection with and prior to this meeting is hereby approved and the Chairman, the Executive Director, the Treasurer, Authority Counsel and the Secretary of the Authority or his or her designee (each an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Trust Agreement in substantially the form presented in connection with and prior to this meeting with

such changes therein as the officers executing the same may approve in consultation with Authority Counsel and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof, including with respect to whether and what type(s) of credit enhancement secures the Series 2009 Bonds, or by other factors, as determined by the Authorized Officers in consultation with the Authority's financial and legal consultants as being in the best interests of the Authority and the County.

SECTION 4. Approval of Site Lease. The form of Site Lease presented in connection with and prior to this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Site Lease in substantially the form presented in connection with and prior to this meeting with such changes therein as the Authorized Officer executing the same may approve in consultation with Authority Counsel and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Facility Lease. The form of Facility Lease presented in connection with and prior to this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Facility Lease in substantially the form presented in connection with and prior to this meeting with such changes therein as the Authorized Officer executing the same may in consultation with Authority Counsel and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 6. Approval of Purchase Contract. The Authority is hereby authorized to enter into the Purchase Contract and each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the Authority, in substantially the form presented in connection with and prior to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the Authority Counsel and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof; provided, however, that the combined aggregate principal amount of both the taxable and tax-exempt Series 2009 Bonds shall not exceed \$65,000,000; and (A) that with respect to the Series 2009A Bonds (i) the maturity of the Series 2009A Bonds shall not exceed August 1, 2045, (ii) the true interest cost with respect to the Series 2009A Bonds shall not exceed 8.0% per annum and (iii) the Underwriter's discount (exclusive of original issue-discount) with respect to the Series 2009A Bonds shall not exceed 1.25%; and (B) that with respect to the Series 2009B Bonds (i) the maturity of the Series 2009B Bonds shall not exceed August 1, 2045, (ii) the true interest cost with respect to the Series 2009B Bonds shall not exceed 9.0% per annum and (iii) the Underwriter's discount (exclusive of original issue-discount) with respect to the Series 2009B Bonds shall not exceed 1.25%.

SECTION 7. Approval of Official Statement. The Preliminary Official Statement presented in connection with and prior to this meeting, dated as of February 1, 2009, is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the Underwriter incident to the marketing of the Series 2009 Bonds. Each Authorized Officer is hereby authorized to (a) make such changes in such form of the Preliminary Official Statement as such officer, in consultation with Authority Counsel and the Underwriter, shall

determine to be appropriate, and (b) on behalf of the Authority, to deem such Preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). Each Authorized Officer is authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered in the name and on behalf of the Authority by an Authorized Officer, and such Authorized Officer is authorized and directed to prepare, execute and deliver in the name and on behalf of the Authority any supplemental filings related to such final Official Statement.

SECTION 8. Approval of Installment Payment Contract. The Authority is hereby authorized to enter into the Installment Payment Contract and each Authorized Officer is hereby authorized and directed to execute and deliver the Installment Payment Contract on behalf of the Authority, which shall be in substantially the form presented in connection with and prior to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the Authority Counsel and Bond Counsel, which such approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 9. Other Acts. The officers and staff of the Authority are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Counsel to the Authority or with Orrick, Herrington & Sutcliffe, the Authority’s bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

SECTION 10. Effective Date. This Resolution shall take effect upon adoption.